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REPORT

DATE DISTR. **15 MAY 1958**

NO. PAGES 3

REFERENCES

DATE OF
INFO.
PLACE &
DATE ACQ.

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SOURCE EVALUATIONS ARE DEFINITIVE. APPRAISAL OF CONTENT IS TENTATIVE.

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1. Planned production during the first quarter of 1959 will not be able to satisfy the need of 174 tons of urea for the production of glue at VEB Stickstoffwerk Piesteritz. Since the expected import of 400 tons urea during the first quarter is not certain (deliveries cannot be expected before March at the earliest), 35 tons allocated to the VEB Leuna-Werke had to be diverted during February for the production of sodium cyanate and chemical dressing agents for the textile industry.

2. If the imports of urea do not start to arrive in March, serious production difficulties will also arise in sectors other than the glue production, e.g. sodium cyanate production for direct export and for export of caffeine, as well as production of chemical dressings agents for export-textiles.

3. As of January 1959, production difficulties at Piesteritz have resulted in a decrease of production for export of potassium ferrocyanide, potassium ferricyanide, and Prussian blue. Since fused cyanide is an important component in the intermediate production of acrylonitrile at VEB Chemische Werke Buna, work stoppage could only be prevented by allocating larger amounts of sodium cyanide. Further decreases of the supply of sodium cyanide at Buna would seriously affect the production of carburizing and galvanizing salts for the machine-construction and machine-export industries.

4. During the first quarter of 1959, the VVB Allgemeine Chemie produced 745 tons of phosphorus pentoxide less than planned. Because

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of a sodium carbonate shortage, VEB Zementwerk Steudnitz failed to produce about 1,800 tons of phosphorus pentoxide, and the VEB Chemische Fabrik Dessau failed to produce about 500 tons. The agricultural allotment will therefore be short about 3,000 tons, unless VEB Glühphosphatwerk Rüdersdorf can overcome its heating-oil bottleneck and make up the shortage. The agricultural sector probably will also be short of about 1,300 tons of super-phosphate as a result of an insufficient sulphuric acid supply.

Nickel Sulphate

5. The production of nickel sulphate at the VEB Mansfeld Hütten-Kombinat will be only total 87 tons instead of the planned 113 tons. Difficulties in obtaining crude nickel ore (Rohnickelsalz) delayed production until February. According to a directive of VVB NE-Metalle, the production loss will be made up in three equal parts during the following quarters of 1959. The repairs scheduled for the third quarter were made during January.
6. Imports during the first quarter will total only 50 tons instead of the planned 175 tons. The over-all import plan will not be fulfilled because the MAI³ failed to provide the necessary credits.
7. No supply difficulties exist for the production of galvanizing compounds (Galvanosalze), storage batteries, or catalysts, since the State Planning Commission, section Koordinierung der Materialbilanzen, decreed that the usable stock of 235 tons is to be charged against delivered contingents. If production progresses as planned, and the partial import of 50 tons arrives, a corresponding amount will be available to industry during the second quarter.

Thorium Oxide

8. Thorium oxide cannot be imported from West European countries because of the embargo. The Soviet Union is the only country in the "Socialist Camp" which could make deliveries, but declines to do so, according to foreign trade officials. Available supplies will permit production at VEB Leuchtstoffwerk Bad Liebenstein until the middle of March. After this date, delivery of incandescent gas lights (Gasglühkörper) to East German consumers as well as for export to the People's Democracies is uncertain. The supply for Synthesewerk Schwarzheide is assured until the third quarter. If foreign trade officials cannot guarantee a continuous supply of thorium oxide, the proportion of thorium oxide in catalysts will have to be considerably decreased. This in turn would cause a production decrease of gasoline, solvents, Kogasin, liquid bottled motor fuel, and crude paraffin for oxidation at VEB Hydrierwerk Rodleben. VEB Synthesewerk Schwarzheide would also have to decrease considerably the export of special fuels to the Soviet Union.

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Zinc Sulphate

9. Imports from the Chinese People's Republic are not guaranteed, because no trade agreements existed as of February 1959. During the first quarter of 1959, only 230 tons are expected as carry-over deliveries from 1958. Since the import plan for the first quarter called for 300 tons, the shortage of 70 tons represents a production loss of about 2,000 tons of cord silk (Cordeide) or crepe silk (Krappeide), or a shortage of about 4,000 tons of rayon staple.

Boron Minerals

10. The planned imports of 7,000 tons is not guaranteed, because no trade agreements with the Chinese People's Republic have been made. The contemplated import of 6,000 tons of high-grade boron ore is still uncertain.⁴

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Borax

11. The average daily production at VEB Chemisches Werk "Hermania" amounts to about 5 tons against the planned production of 11 tons a day. The production plan cannot be met because the ore has only a 27 percent content of B_2O_3 instead of the normal 42 percent content. Furthermore, the fine-grain ore shows only a content of about four to six percent B_2O_3 . According to present estimates only 385 tons instead of the planned 1,000 tons of borax will be produced.
12. Planned imports are not guaranteed at present since ~~trade agree-~~
~~ments~~ with the Chinese People's Republic have not been concluded. As of February 1959, import agreements have been concluded for:

15 tons from Czechoslovakia
30 tons from Poland
110 tons from "Capitalistic Countries"

13. On the basis of the advance deliveries during the fourth quarter of 1958 and the planned imports, the supply needed by VEB Glaswerk Schott und Gen., Jena, during the first quarter of 1959 appears to be assured. No difficulties are expected in supplying the Kondensatorenwerke with special-priority boric acid (~~Borax~~). Difficulties do exist in supplying the glass and electroplating industry (Galvanoindustrie), as well as other consumers.

1. Comment: Kogasinol is a mixture of kerosene, diesel oil, and paraffin wax used for fuel (Fischer-Tropsch process).
2. Comment: VVB Nichteisen Metallindustrie, (Association of Nonferrous Metal Enterprises) in Eisleben.
3. Comment: Ministerium fuer Aussenhandel und Innerdeutschen Handel (Ministry of Foreign and Intra-German Trade).

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